

Virginia Health Reform Initiative

Preliminary Analysis of Essential Health Benefits, Benefit Mandates, and Benchmark Plans

May 3, 2012

Agenda

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 - IOM Recommendations
 - HHS Proposal
- Virginia Benefit Mandates
- EHBs with Potential Impact to Premiums
- Benchmark Plans
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 - Benchmark Coverage of Specific Benefits
 - Impact of Benchmark Selection on Premium Rates
- Summary
- Discussion

Essential Health Benefits

Requirements Under the ACA

- Benefit plans required to cover a minimum set of EHBs including items and services within the following broad categories:
 1. Ambulatory patient services
 2. Emergency services
 3. Hospitalization
 4. Maternity and newborn care
 5. Mental health and substance use disorder services, including behavioral health treatment
 6. Prescription drugs
 7. Rehabilitative and habilitative services and devices
 8. Laboratory services
 9. Preventive and wellness services and chronic disease management
 10. Pediatric services, including oral and vision care
- EHBs must be provided to purchasers of Individuals and Small Group coverage whether through a health benefits exchange or the outside market

Essential Health Benefits

Institute of Medicine Recommendations

- HHS asked IOM to recommend a set of criteria and methods to help define EHBs and support EHB updates
- In October 2011 report, IOM EHB committee recommended:
 - HHS establish initial EHB package "guided by a national average premium target"
 - The starting point "should be the scope of benefits and design provided under a typical small employer plan in today's market"
 - "the package should be adjusted so that the expected national average premium for a silver plan with the EHB package is actuarially equivalent to the average premium that would have been paid by small employers in 2014 for a comparable population with a typical benefit design"
 - States should have flexibility in EHB definition
 - The Secretary should explicitly incorporate costs into updates to the EHB package

Essential Health Benefits

HHS Proposal

- On December 16, 2011, HHS issued a bulletin outlining its proposal
- States select a benchmark plan from one of the following:
 - One of the three largest small group plans in the state by enrollment
 - One of the three largest state employee health plans by enrollment
 - One of the three largest federal employee health plan options by enrollment
 - Largest non-Medicaid HMO plan in the state's commercial market by enrollment
- Benchmark plan must include all EHB categories or be supplemented
- The scope of services and any limits in the chosen benchmark plan comprise the state's EHB package; member cost sharing is not considered
- States must defray cost of state mandated benefits in excess of EHBs for individuals enrolled in any Exchange plan
 - In 2014 and 2015, if the state selects a small group plan as the benchmark, it will not have to defray the associated mandate costs
 - HHS will reevaluate treatment of State mandates for plan years starting 2016

Virginia Benefit Mandates

Coverage and Cost

- Virginia mandates may require coverage or just the offer of coverage of certain benefits -- 30 mandated benefits, 6 mandated offers
- Most of Virginia's mandates are covered in most state/federal employee plans and many others, so the differences among the potential benchmark plans are limited
- We identified the mandated coverage for autism spectrum disorder to have the highest potential cost impact
 - Our understanding is this mandate does not currently apply to the Individual or Small Group (under 50) markets, and may not apply in 2014 if it is excluded from the definition of essential health benefits
- Bariatric surgery is a mandated offer for Individual and Small Group
 - Commonly covered benefit in state/federal employee plans, Medicare, Medicaid, large group plans
 - When all participants are covered, estimated cost impact is 0.75% - 1.5%

EHBs with Potential Impact to Premiums

Survey and Analysis

- Benefits in the Individual and Small Group markets will need to be modified to include coverage of EHBs, which will increase premiums
- To inform analysis, Virginia Bureau of Insurance conducted a survey in June 2011, asking Virginia health plans to report their five most popular plan designs in the Individual and Small Group markets
 - Identified conflicts with EHB requirements:
 - Maternity services typically not covered in non-HMO Individual and Small Group plans
 - Limited coverage for Mental Health and Substance Abuse treatment
 - Routine vision and dental care often not covered or covered via supplemental plans
 - Habilitative services definition and coverage not entirely clear

Benchmark Plans

Identification of Potential Benchmark Plans

- Potential benchmark plans will be determined based on enrollment from the first quarter two years prior to the coverage year
- Plan enrollment is not readily available, so we relied on information released by HHS on January 25, 2012, which listed the 3 largest small group products in each state based on June 30, 2011 data collected by HealthCare.gov
- HealthCare.gov also provided the top 3 nationally available FEHBP plans
- 3 largest state employee plans identified through state website
- Insufficient info to determine largest non-Medicaid commercial HMO plan

Small Group	State Employees	Federal Employees	Non-Medicaid HMO Plan
Anthem Health Plans of VA PPO	COVA Care	FEHBP BCBS Standard Option	To be determined
Anthem HealthKeepers HMO	COVA Connect	FEHBP BCBS Basic Option	
Optima Vantage HMO	Kaiser	Government Employees Health Association (GEHA)	

Benchmark Plans

Benchmark Plan Coverage of EHBs and Mandated Benefits

- Compared coverage of EHBs and Virginia's benefit mandates among potential benchmarks
 - Relied on summary plan descriptions available on the internet
 - Range of detail in descriptions of coverage and exclusions
 - Coverage of certain benefits could not be determined
 - In some cases, we supplemented the available information with our knowledge of industry practices
 - Health plans have not validated these comparisons, and follow up with the health plans is required to more fully understand coverage differences

Benchmark Plans

Benchmark Plan Coverage of EHBs and Mandated Benefits

- Exhibit 2 in the report provides a comparison of EHB and mandate coverage among the potential benchmark plans
 - Top section shows the 10 EHB categories specified under the ACA
 - Under some of categories, added breakdowns to highlight certain popular, expensive, or otherwise noteworthy benefits for which coverage varies among the potential benchmark plans or for which coverage may be of specific interest to policymakers
- The next section of Exhibit 2 summarizes the coverage of Virginia's benefit mandates by the potential benchmark plans, and the bottom section summarizes the treatment of Virginia's mandated benefit offers

Benchmark Plans

Benchmark Plan Coverage of EHBs and Mandated Benefits

		Potential Benchmark Plans									
		Virginia Small Group			Virginia State Employees			Federal Employees			Largest Virginia non-Medicaid HMO Plan
Benefit Category		Anthem Health Plans of VA PPO	Anthem Health Keepers HMO	Optima Vantage HMO	COVA Care	COVA Connect	Kaiser	FEHBP BCBS Standard Option	FEHBP BCBS Basic Option	Government Employees Health Association (GEHA)	
Essential Health Benefits											
1	Ambulatory patient services	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
	General ambulatory services	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
	Home health care services	Covered (90 visit limit per year)	Covered	Covered (limits not available)	Covered (90 visit limit per year)	Covered (90 visit limit per year)	Covered (limits not available)	Covered (limited to 2 hours per day, 25 visits per year)		Covered (50 visit limit per year)	
	Physical/Occupational Therapy	Covered (combined 20 visit limit per year)	Covered (combined 30 visit limit per year)	Covered (limits not available)	Covered	Covered	Covered	Covered (combined 75 visit limit per year)	Covered (combined 50 visit limit per year)	Covered (combined 60 visit limit per year)	
	Speech therapy	Covered (20 visit limit per year)	Covered (30 visit limit per year)	Covered (limits not available)	Covered	Covered	Covered			Covered (30 visit limit per year)	
	Chiropractic care	Covered (15 visit limit per year)	Covered (30 visit limit per year)	Not covered unless plan includes rider	Covered (30 visit limit per year)	Covered (\$500 limit per year)	Covered (30 visit limit per year)	Covered (12 visit limit per year)	Covered (20 visit limit per year)	Covered (12 visit limit per year)	
	Acupuncture	Not specified	Not covered	Not covered	Not covered	Not covered	Not specified	Covered (24 visit limit per year)	Covered	Covered	
	Weight loss programs	Not covered	Not covered	Not covered	Not covered	Not covered	Not specified	Not covered	Not covered	Not covered	
	Infertility treatment	Not covered	Not covered	Not covered unless plan includes rider	Not covered	Not covered	Not specified	Limited coverage	Limited coverage	Limited coverage	
2	Emergency services	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
3	Hospitalization	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
	General hospital services	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
	Hospice	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
	Skilled nursing facility	Covered (100 day limit per year)	Covered (100 day limit per year)	Covered (limits not available)	Covered (180 day limit per stay)	Covered (180 day limit per stay)	Covered (limits not available)	Covered (limited to members with Medicare Part A coverage)	Not covered	Covered (14 day limit per stay)	
	Bariatric surgery	Offered per mandate	Offered per mandate	Offered per mandate	Covered	Covered	Not specified	Covered	Covered	Covered	
4	Maternity and newborn care	Maternity coverage available as an option on certain plans and not covered on other plans	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
5	Mental health and substance use disorder services, including behavioral health treatment	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	

Benchmark Plans

Benchmark Plan Coverage of EHBs and Mandated Benefits

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		Virginia Small Group			Virginia State Employees			Federal Employees			
Benefit Category		Anthem Health Plans of VA PPO	Anthem Health Keepers HMO	Optima Vantage HMO	COVA Care	COVA Connect	Kaiser	FEHBP BCBS Standard Option	FEHBP BCBS Basic Option	Government Employees Health Association (GEHA)	Largest Virginia non-Medicaid HMO Plan
Essential Health Benefits											
	General mental health and substance abuse treatment	Covered (20 OP visit, 25 IP day limit per year)	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
	Behavioral health treatment	Not specified	Not specified	Covered	Covered	Covered	Covered	Not specified	Not specified	Not specified	
6	Prescription drugs	Covered (some plans only cover drugs on Anthem's formulary unless upgraded coverage is purchased)	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
7	Rehabilitative and habilitative services and devices	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
	General rehabilitation services and devices	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
	Durable medical equipment	Covered	Covered (\$2000 limit per year)	Covered (limits not available)	Covered	Covered	Covered	Covered	Covered	Covered	
	Hearing aids	Not covered	Not covered	Not covered	Optional coverage (hearing benefits limited to once every 4 years, \$1200 hearing aid limit)			Covered (limited to \$1250 per ear every year for children and every 36 months for adults)		Covered	
	Habilitative services and devices	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	
8	Laboratory services	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
9	Preventive and wellness services and chronic disease management	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
	General preventive and wellness services and chronic disease management	Covered (preventive services limited to 1 per year)									
	Routine vision exam	Covered on some plans (1 visit limit per year)	Covered (1 visit limit per year)	Not covered	Optional coverage (limit 1 exam per 24 months)			Not covered	Not covered	Covered (1 visit limit per year)	
10	Pediatric services, including oral and vision care	Routine vision exam covered, dental coverage available separately		Routine vision exam does not appear to be covered in small group product, dental not covered	Pediatric dental/vision assessments covered. Basic dental covered, expanded dental available for purchase. Routine vision covered only if option is purchased.			Pediatric vision assessments covered. Expanded coverage under separate vision/dental plans if purchased			

Benchmark Plans

Benchmark Plan Coverage of EHBs and Mandated Benefits

	Potential Benchmark Plans									Largest Virginia Non-Medicaid HMO Plan
	Virginia Small Group			Virginia State Employees			Federal Employees			
	Anthem Health Plans of VA PPO	Anthem Health Keepers HMO	Optima Vantage HMO	COVA Care	COVA Connect	Kaiser	FEHBP BCBS Standard Option	FEHBP BCBS Basic Option	Government Employees Health Association (GEHA)	
Benefit Category										
Virginia Benefit Mandates										
Reimbursement for services provided by certain practitioners other than physicians	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage for dependent children	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Terms "physician" and "doctor" to include dentist	Covered	Covered	Covered	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	
Coverage of newborn children	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage of adopted children required	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage for Childhood Immunizations	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage for Infant hearing screening and	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage for mental health and substance abuse services	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage for biologically based mental illness	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage for postpartum services	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Exclusion or reduction of benefits for certain causes prohibited	Covered	Covered	Covered	Not stated, but reduction/exclusion not typical						
Insurer required to offer conversion policy or group coverage	Covered	Covered	Covered	May be eligible for extended coverage			May be eligible for spouse equity coverage, or Temporary Continuation of Coverage (TCC), or a conversion policy			
Coverage for victims of rape and incest	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage for mammograms	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage for pap smears	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage of procedures involving bones and joints	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage for hemophilia and congenital bleeding disorders	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage for reconstructive breast surgery	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage for early intervention services	Covered (\$5000 limit per year)	Covered (\$5000 limit per year)	Covered	Covered (PT/OT/ST to maintain current functions if no chance of improvement is only available for children under age 3 who qualify for EIS)		Covered	Not specified	Not specified	Not specified	
Minimal hospital stays mastectomy, certain lymph node dissection patients	Covered	Covered	Covered	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	
Coverage for PSA (prostate-specific antigen) testing	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage for Colorectal Cancer Screenings	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage for clinical trials for treatment studies on cancer	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Minimum hospital stays for hysterectomy	Covered	Covered	Covered	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	
Coverage for diabetes	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage for hospice care	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	

Benchmark Plans

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Virginia Benefit Mandates										
Coverage for Hospitalization and Anesthesia for dental procedures	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage for Lymphedema	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage for autism spectrum disorder (does not apply to individual market or small group (<50) markets)	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	
Coverage for telemedicine services	Coverage is unclear, telephone consultations explicitly not covered	Coverage is unclear, telephone consultations explicitly not covered	Telemedicine services, other than emergent services, are not covered unless authorized	Covered	Covered	Not specified	Not covered	Not covered	Coverage is unclear, telephone consultations explicitly not covered	
Virginia Benefit Offers										
Coverage for Prescription Contraceptives *	Offered	Offered	Offered	Covered	Covered	Covered	Covered	Covered	Covered	
Coverage for child health supervision	Offered	Offered	Offered	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	
Optional coverage for obstetrical services	Offered	Offered	Offered	Covered	Covered	Covered	Covered	Covered	Covered	
Deductible and coinsurance options required	Offered	Offered	Offered	N/A	N/A	N/A	N/A	N/A	N/A	
Coverage for Morbid Obesity	Offered	Offered	Offered	Covered	Covered	Not specified	Covered	Covered	Covered	
Coverage for prosthetic devices and components	Offered	Offered	Offered	Covered	Covered	Covered	Covered	Covered	Covered	

* Now a Federal Mandate

Benchmark Plans

Benchmark Plan Coverage of EHBs and Mandated Benefits

- Potential benchmark plans cover substantially the same set of services
- All provide broad coverage among the 10 EHB categories, with the following exceptions:
 - Maternity is covered by all of the plans except Anthem PPO, though it is offered as an optional coverage
 - Pediatric oral and vision coverage
 - Coverage of habilitative services and behavioral health treatment, is less clear as summary plan descriptions rarely specify coverage
- All appear to cover most Virginia's mandated benefits
 - Autism spectrum disorder coverage likely to be among most significant differences

Benchmark Plans

Benchmark Coverage of Specific Benefits

- Potential benchmark plans differ in their coverage of specific services, many of which may not be considered "essential" but are important to certain plan participants
 - Covered by some plans: chiropractic, acupuncture, hearing aids
 - Potential benchmarks vary in their stated limitations:
 - Visit limits on ambulatory services such as home health care, PT/OT/ST, and chiropractic care
 - Limits on number of covered days in a skilled nursing facility
 - Payment/frequency limits on hearing aids, infertility diagnosis/treatment
 - Age limits on early intervention services

Benchmark Plans

Impact of Benchmark Selection on Premium Rates

- All potential benchmark plans cover predominantly the same set of services, with the most significant exception being maternity
- Since Maternity care is an EHB, the coverage will need to be added resulting in increased premiums
 - Adding Maternity coverage estimated to increase Individual rates 1%-4%
- Other differences in specific service coverage among the potential benchmarks include chiropractic, acupuncture, hearing aids, routine vision exam, telemedicine
 - Costs for chiropractic care and hearing aids can be relatively high due to adverse selection, but under a mandatory insurance system these benefits would be expected to have only a marginal impact on premium rates, below 1% of average premiums

Summary

Issues for Consideration

- EHBs only reflect the scope and quantity of services, not cost share
- Generally nominal differences in the range of covered benefits among the benchmark plan options
- Analysis will need to be revised once actual benchmark plans are known and should be supplemented with more detailed benefit info
- Optional coverage, such as non-formulary drugs and Virginia's mandatory benefit offers, needs to be evaluated
- In selecting the benchmark, consider:
 - Relative importance of certain benefits such as hearing aids, chiropractic
 - What are appropriate benefit limits?
- Due to mandate treatment, initial benchmark is expected to be a small group plan
- What changes by health plans to the EHB package should be permitted and how to validate that value is not reduced?

Discussion